

Calculating Loan Repayments

Calculating the Cost of Loan Repayments

E.G.

€1,500 for 12 months @ €10 per €100 per month

Formula:

‘Cost’ X ‘Number of hundreds’ X ‘Months’

Answer:

$$10 \times 15 \times 12 = €1,800$$

You want to buy a 55” flat screen TV that costs €1,000, but you do not have that amount of money, so you have to look at other options.

Option 1. Hire Purchase

You pay a deposit of €100 and a monthly repayment of €55 over two years.

Option 2. Personal Loan (medium term loan)

You pay back €5 per month for every €100 borrowed over two years.

Solution 1. Hire Purchase

Deposit	€100.00
Repayments (24 x €55)	€1,320.00
Total:	€1,420.00

Solution 2. Personal Loan

$$5 \times 10 \times 24 = \quad \quad \quad \mathbf{€1,200.00}$$